

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members
FROM JBC Staff
DATE April 24, 2018
SUBJECT JBC Bill Drafts and Memos

This memo includes the following bill drafts for the Committees consideration.

- JBC Bill #77 – LLS 1262 “Concerning Measures to Improve Equity in the Amount of Local Property Tax Revenue Collected by School Districts to Fund Public Schools.” (Craig Harper)
- JBC Bill #59 –
 - LLS 1263 “Concerning Committee of Reference Involvement in the Joint Budget Committee’s Preparation of the Annual General Appropriations Act.” (Robin Smart)
 - LLS 1264 “Concerning a Change to Rule 25 of the Joint Rules of the Senate and House of Representatives to Clarify the Responsibilities of the Committees of Reference and the Joint Budget Committee with Respect to the Budgeting Process.” (Robin Smart)
- JBC Bill #65 – LLS 1265 “Concerning the Exemption of the Workers’ Compensation Cash Fund from the Maximum Reserve.” (Amanda Bickel)
- JBC Bill #55 – LLS 0987 “Concerning an Increase in the General Fund Reserve.” (John Ziegler)
- JBC Bill #56 – LLS 0988 “Concerning Changing the Payroll Periods for Salaries Paid Through the State’s Payroll System from Monthly to Biweekly Rather than Twice Monthly.” (Alfredo Kemm)

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
4.23.18

DRAFT

LLS NO. 18-1262.01 Julie Pelegrin x2700

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Supporting School Dist Local Prop Tax Revenue"

A BILL FOR AN ACT

101 CONCERNING MEASURES TO IMPROVE EQUITY IN THE AMOUNT OF
102 LOCAL PROPERTY TAX REVENUE COLLECTED BY SCHOOL
103 DISTRICTS TO FUND PUBLIC SCHOOLS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill directs the department of education to distribute to applying eligible school districts a mill levy equalization payment for additional local revenue (override) mills initially approved by voters on or after November 6, 2018 (qualifying mills). To be eligible, a school district's per pupil assessed property valuation must

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

be less than the statewide average per pupil assessed property valuation. The amount of the mill levy equalization payment is equal to the difference in the amount of property tax revenue generated by the qualifying mills levied against the school district's per pupil assessed property valuation and the amount that would be generated if the qualifying mills were levied against the statewide average per pupil assessed property valuation.

For the 2019 property tax year and property tax years thereafter, to obtain voter approval to increase the number of override mills that it levies, a school district must also obtain voter approval to increase, by the same number, the number of total program mills that it levies, unless the school district already levies the lesser of 27 mills or the number of mills required to fully fund the school district's total program. If a school district remains subject to the constitutional spending and revenue limitations, the school district's local share of total program will be calculated on the amount of property tax revenue generated by the number of total program mills levied, regardless of whether the school district is required to refund a portion of the amount collected to comply with the constitutional spending limitations.

For the 2018 property tax year and property tax years thereafter, the bill increases the limit on override mills by 5% for school districts that already collect mill levy override revenue that is at least 20% of total program and levy the lesser of 27 mills or the number of mills required to fully fund the school district's total program (qualifying school districts). To exceed the existing limit, a qualifying school district must obtain voter approval to increase its total program mill levy by the same number of mills that it increases the override mill levy, up to 30 mills. The bill specifies that additional local revenue collected as a result of a mill levy for capital construction, technology, and maintenance is subject to the limit on override mills.

For the 2018 property tax year and property tax years thereafter, the bill authorizes a school district to obtain voter approval to increase its total program mill levy, but under no circumstances can a school district's total program mill levy exceed the lesser of the number of mills required to fully fund the school district's total program, 27 mills for nonqualifying school districts or 30 mills for qualifying school districts.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Under the terms of the "Public School Finance Act of 1994",

1 article 54 of title 22, C.R.S., the act is necessary to comply with the
2 constitutional requirement to provide a thorough and uniform system of
3 public schools throughout the state, and equity considerations dictate that
4 school districts must be subject to the maximum expenditure and levy
5 provisions that are included in the act;

6 (b) The ability of school districts to generate local property tax
7 revenue through mill levy overrides, in addition to the revenue they
8 collect for total program, has led to increased inequity in the amount of
9 funding available to school districts. Those with high assessed property
10 valuation can raise significant amounts of revenue by obtaining voter
11 approval for just a few mills. Those with low assessed property valuation
12 raise only small amounts of revenue even if they obtain voter approval for
13 several mills.

14 (c) In 1994, the local and state contributions to fund the school
15 finance formula were about 48% local share to 52% state share. Due to
16 constitutional and statutory limits on school districts' revenue and taxing
17 authority, the number of mills that each school district is allowed to levy
18 for total program has significantly declined since 1994. This, combined
19 with a general decline in the residential property assessment rate, has
20 resulted in a significant change in the local and state contribution
21 percentages. For the 2017-18 budget year, the local share is about 38%,
22 and the state share is about 62%.

23 (d) The increase in the state contribution, combined with the
24 inflationary and enrollment increases in total program funding, have led
25 to a crisis in public school funding, requiring the general assembly to
26 create the budget stabilization factor as a means of reducing the state
27 contribution to an affordable amount in light of other necessary state

1 funding requirements.

2 (2) The general assembly finds, therefore, that it is necessary to
3 implement statutory changes that are designed to strengthen the ability of
4 school districts to collect local property tax revenue and restore a degree
5 of statewide equity to the funding for public schools. These changes
6 include:

7 (a) Establishing a pilot program to strengthen the ability of
8 low-property value school districts to generate property tax revenue by
9 equalizing the amount of property tax revenue generated by one mill
10 levied against the school district's per pupil assessed property valuation
11 to the amount generated by one mill levied against the statewide average
12 per pupil assessed property valuation;

13 (b) Requiring all school districts that obtain voter approval to
14 collect additional local property tax revenue through mill levy overrides
15 to also obtain voter approval to increase the number of property tax mills
16 levied for total program up to the current limit of 27 property tax mills or
17 the number of mills required to fully fund the district's total program;

18 (c) Increasing the limit on mill levy override revenue for certain
19 school districts so long as they also obtain voter approval to increase the
20 number of property tax mills levied for total program up to 30 mills; and

21 (d) Authorizing school districts to seek voter approval to increase
22 the total program mill levy, subject to limitations, thereby increasing the
23 local share of total program funding and strengthening the state's ability
24 to more fully fund the state share and decrease the budget stabilization
25 factor.

26 **SECTION 2.** In Colorado Revised Statutes, **add** 22-54-140 as
27 follows:

1 **22-54-140. Additional funding - low-assessed property value**
2 **districts - mill levy equalization money - rules - definitions - repeal.**

3 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
4 REQUIRES:

5 (a) "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION.

6 (b) "ELIGIBLE DISTRICT" MEANS A DISTRICT IN WHICH THE DISTRICT
7 PER PUPIL ASSESSED PROPERTY VALUATION FOR A PROPERTY TAX YEAR IS
8 LESS THAN THE STATEWIDE AVERAGE PER PUPIL ASSESSED PROPERTY
9 VALUATION FOR THAT PROPERTY TAX YEAR.

10 (c) "MILL LEVY EQUALIZATION AMOUNT" MEANS AN AMOUNT
11 EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT OF PROPERTY TAX
12 REVENUE GENERATED BY A SINGLE MILL LEVIED AGAINST THE DISTRICT'S
13 PER PUPIL ASSESSED PROPERTY VALUATION AND THE AMOUNT OF
14 PROPERTY TAX REVENUE GENERATED BY A SINGLE MILL LEVIED AGAINST
15 THE STATEWIDE AVERAGE PER PUPIL PROPERTY TAX VALUATION.

16 (d) "PER PUPIL ASSESSED PROPERTY VALUATION" MEANS AN
17 AMOUNT EQUAL TO THE TOTAL ASSESSED PROPERTY VALUATION FOR A
18 DISTRICT FOR A PROPERTY TAX YEAR DIVIDED BY THE SUM OF THE
19 DISTRICT'S PUPIL ENROLLMENT, PRESCHOOL PROGRAM ENROLLMENT,
20 ONLINE PUPIL ENROLLMENT, AND DISTRICT EXTENDED HIGH SCHOOL PUPIL
21 ENROLLMENT FOR THE SCHOOL YEAR THAT ENDS DURING THE PROPERTY
22 TAX YEAR.

23 (e) "QUALIFYING PROPERTY TAX MILL" MEANS A PROPERTY TAX
24 MILL THAT VOTERS INITIALLY AUTHORIZE A DISTRICT TO COLLECT AS
25 PROVIDED IN SECTION 22-54-108, 22-54-108.5, OR 22-54-108.7 IN AN
26 ELECTION HELD ON OR AFTER NOVEMBER 6, 2018.

27 (f) "STATEWIDE AVERAGE PER PUPIL ASSESSED PROPERTY

1 VALUATION" MEANS AN AMOUNT EQUAL TO THE TOTAL ASSESSED
2 PROPERTY VALUATION OF THE STATE FOR A PROPERTY TAX YEAR DIVIDED
3 BY THE SUM OF THE PUPIL ENROLLMENT, PRESCHOOL PROGRAM
4 ENROLLMENT, ONLINE PUPIL ENROLLMENT, AND DISTRICT EXTENDED HIGH
5 SCHOOL PUPIL ENROLLMENT FOR ALL DISTRICTS FOR THE SCHOOL YEAR
6 THAT ENDS DURING THE PROPERTY TAX YEAR.

7 (2) BEGINNING IN THE 2018-19 BUDGET YEAR, THE STATE SHALL
8 DISTRIBUTE A MILL LEVY EQUALIZATION PAYMENT AS PROVIDED IN THIS
9 SECTION TO EACH ELIGIBLE DISTRICT THAT APPLIES FOR A PAYMENT AND
10 MEETS THE REQUIREMENTS OF THIS SECTION. [AN ELIGIBLE DISTRICT MAY
11 RECEIVE A MILL LEVY EQUALIZATION PAYMENT FOR UP TO A TOTAL OF XX
12 QUALIFYING PROPERTY TAX MILLS.] <*Do you want to include the*
13 *language in brackets? If so, what number of qualifying mills do you*
14 *want to cap it at?*> THE AMOUNT THAT A DISTRICT RECEIVES AS A MILL
15 LEVY EQUALIZATION PAYMENT IS INCLUDED IN CALCULATING THE TOTAL
16 ADDITIONAL LOCAL PROPERTY TAX REVENUES THAT A DISTRICT MAY
17 RECEIVE AS DESCRIBED IN SECTION 22-54-108 (3)(b)(III), (3)(b)(IV), AND
18 (3.5).

19 (3) TO RECEIVE A MILL LEVY EQUALIZATION PAYMENT FOR
20 ADDITIONAL LOCAL REVENUE COLLECTED FOR THE PRECEDING PROPERTY
21 TAX YEAR FROM A QUALIFYING PROPERTY TAX MILL, AN ELIGIBLE DISTRICT
22 MUST ANNUALLY APPLY TO THE DEPARTMENT BY A DATE SPECIFIED BY
23 RULE OF THE STATE BOARD. IN THE APPLICATION, THE ELIGIBLE DISTRICT
24 MUST:

25 (a) DEMONSTRATE THAT THE DISTRICT'S PER PUPIL ASSESSED
26 PROPERTY VALUATION FOR THE PRECEDING PROPERTY TAX YEAR WAS
27 LESS THAN THE STATEWIDE AVERAGE PER PUPIL ASSESSED PROPERTY

1 VALUATION FOR THE PRECEDING PROPERTY TAX YEAR, AS CALCULATED BY
2 THE DEPARTMENT;

3 (b) STATE THE AMOUNT OF PROPERTY TAX REVENUE GENERATED
4 BY A SINGLE MILL LEVIED AGAINST THE DISTRICT'S PER PUPIL ASSESSED
5 PROPERTY VALUATION FOR THE PRECEDING PROPERTY TAX YEAR;

6 (c) STATE THE NUMBER OF QUALIFYING PROPERTY TAX MILLS THAT
7 THE DISTRICT ASSESSED FOR THE PRECEDING PROPERTY TAX YEAR AND
8 THE AMOUNT OF PROPERTY TAX REVENUE THAT THE MILLS GENERATE,
9 ASSUMING ONE HUNDRED PERCENT COLLECTION; AND

10 (d) DEMONSTRATE THAT THE DISTRICT, IF IT IS SUBJECT TO THE
11 REQUIREMENTS OF SECTION 22-54-108 (2.5), INCREASED ITS TOTAL
12 PROGRAM MILL LEVY BY THE SAME NUMBER OF QUALIFYING PROPERTY
13 TAX MILLS FOR WHICH IT IS SEEKING A MILL LEVY EQUALIZATION
14 PAYMENT, AS REQUIRED IN SECTION 22-54-108 (2.5). <*Do you want to*
15 *include this requirement? Do you want it to apply to all school districts*
16 *or only to those that are already levying a certain number of override*
17 *mills?*>

18 (4) THE DEPARTMENT SHALL REVIEW EACH APPLICATION RECEIVED
19 PURSUANT TO SUBSECTION (3) OF THIS SECTION AND, SUBJECT TO
20 AVAILABLE APPROPRIATIONS, DISTRIBUTE TO EACH APPLYING ELIGIBLE
21 DISTRICT AN AMOUNT EQUAL TO THE MILL LEVY EQUALIZATION AMOUNT
22 MULTIPLIED BY THE NUMBER OF QUALIFYING PROPERTY TAX MILLS THAT
23 THE DISTRICT ASSESSED FOR THE PRECEDING PROPERTY TAX YEAR [UP TO
24 A TOTAL OF XX QUALIFYING PROPERTY TAX MILLS.] <*Do you want to*
25 *include the language in brackets?*>

26 (5) THE STATE BOARD SHALL PROMULGATE RULES PURSUANT TO
27 THE "STATE ADMINISTRATIVE PROCEDURE ACT", ARTICLE 4 OF TITLE 24,

1 AS NECESSARY FOR THE IMPLEMENTATION OF THIS SECTION, INCLUDING
 2 BUT NOT LIMITED TO ESTABLISHING THE DATE BY WHICH AN ELIGIBLE
 3 DISTRICT MUST ANNUALLY SUBMIT AN APPLICATION TO RECEIVE A MILL
 4 LEVY EQUALIZATION PAYMENT AS PROVIDED IN THIS SECTION. THE
 5 DEPARTMENT SHALL ANNUALLY CALCULATE THE STATEWIDE AVERAGE
 6 PER PUPIL ASSESSED PROPERTY VALUATION AND, UPON REQUEST, PROVIDE
 7 TECHNICAL ASSISTANCE TO DISTRICTS THAT CHOOSE TO APPLY FOR A MILL
 8 LEVY EQUALIZATION PAYMENT AS PROVIDED IN THIS SECTION.

9 (6) THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE
 10 MONEY TO THE DEPARTMENT FOR DISTRIBUTION AS MILL LEVY
 11 EQUALIZATION PAYMENTS AS PROVIDED IN THIS SECTION. IN A BUDGET
 12 YEAR IN WHICH THE GENERAL ASSEMBLY DOES NOT APPROPRIATE A
 13 SUFFICIENT AMOUNT TO FULLY FUND THE MILL LEVY EQUALIZATION
 14 PAYMENTS AUTHORIZED IN THIS SECTION, THE DEPARTMENT SHALL
 15 REDUCE EACH APPLYING ELIGIBLE DISTRICT'S MILL LEVY EQUALIZATION
 16 PAYMENT BY THE SAME PERCENTAGE THAT THE DEFICIT BEARS TO THE
 17 AMOUNT REQUIRED TO FULLY FUND THE PAYMENTS AUTHORIZED BY THIS
 18 SECTION.

19 (7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2023. <{Do you
 20 want to limit the equalization payments to 5 years?}>

21 **SECTION 3.** In Colorado Revised Statutes, 22-54-108, **amend**
 22 (3)(a), (3)(b)(I), (3)(d)(II.5), and (3)(d)(III); and **add** (2.5), (3)(d)(I.5),
 23 and (3.5) as follows:

24 **22-54-108. Authorization of additional local revenues -**
 25 **definitions.** (2.5) FOR THE 2019 PROPERTY TAX YEAR AND PROPERTY TAX
 26 YEARS THEREAFTER, A DISTRICT THAT SEEKS TO RAISE AND EXPEND LOCAL
 27 PROPERTY TAX REVENUES AS PROVIDED IN SUBSECTION (1) OR (2) OF THIS

1 SECTION MUST, AT THE SAME ELECTION, OBTAIN VOTER APPROVAL TO
2 INCREASE THE DISTRICT'S TOTAL PROGRAM MILL LEVY BY THE SAME
3 NUMBER OF MILLS THAT IT SEEKS TO INCREASE THE MILL LEVY FOR
4 ADDITIONAL LOCAL REVENUES PURSUANT TO THIS SECTION; EXCEPT THAT,
5 IF INCREASING THE TOTAL PROGRAM MILL LEVY AND THE NUMBER OF
6 MILLS LEVIED PURSUANT TO THIS SECTION BY THE SAME NUMBER WOULD
7 RESULT IN A TOTAL PROGRAM MILL LEVY OF MORE THAN THE LESSER OF
8 TWENTY-SEVEN MILLS OR THE NUMBER OF MILLS REQUIRED TO FULLY
9 FUND THE DISTRICT'S TOTAL PROGRAM, THE DISTRICT IS REQUIRED TO
10 OBTAIN VOTER APPROVAL TO LEVY ONLY AS MANY MILLS FOR TOTAL
11 PROGRAM AS WILL INCREASE THE TOTAL PROGRAM MILL LEVY TO THE
12 LESSER OF TWENTY-SEVEN MILLS OR THE NUMBER OF MILLS REQUIRED TO
13 FULLY FUND THE DISTRICT'S TOTAL PROGRAM.

14 (3) (a) Notwithstanding the provisions of section 20 of article X
15 of the state constitution which allow districts to seek voter approval for
16 spending and revenue increases, the provisions of this subsection (3) ~~shall~~
17 AND SUBSECTION (3.5) OF THIS SECTION limit a district's authority to raise
18 and expend local property tax revenues in excess of the district's total
19 program as determined in accordance with section 22-54-104.

20 (b) (I) Except as otherwise provided in ~~subparagraphs (II), (III),~~
21 ~~and (IV), and (V) of this paragraph~~ (b) SUBSECTIONS (3)(b)(II),
22 (3)(b)(III), (3)(b)(IV), AND (3.5) OF THIS SECTION, the total additional
23 local property tax revenues that may be received pursuant to elections
24 held pursuant to this section shall not exceed under any circumstances
25 twenty percent of the district's total program, as determined pursuant to
26 section 22-54-104 (2), or two hundred thousand dollars, whichever is
27 greater.

1 (d) (I.5) IN APPLYING THE LIMITATIONS SPECIFIED IN THIS
2 SUBSECTION (3) AND IN SUBSECTION (3.5) OF THIS SECTION, ANY
3 ADDITIONAL LOCAL PROPERTY TAX REVENUE AUTHORIZED AT ELECTIONS
4 HELD UNDER THE PROVISIONS OF SECTION 22-54-108.7 APPLY TOWARD
5 THE LIMITATION.

6 (II.5) Any portion of the specific ownership tax paid to the district
7 shall not apply to the limitation in this subsection (3) OR SUBSECTION (3.5)
8 OF THIS SECTION.

9 (III) If the additional local property tax revenues already
10 authorized and the specific ownership tax revenue, if any, exceeds the
11 limitation SPECIFIED IN THIS SUBSECTION (3) OR IN SUBSECTION (3.5) OF
12 THIS SECTION, the district ~~shall not be~~ IS NOT authorized to hold an
13 election pursuant to the provisions of this section OR SECTION 22-54-108.7
14 until the limitation is greater than the additional local property tax
15 revenues already authorized and the specific ownership tax revenue, if
16 any.

17 (3.5) (a) ON AND AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
18 (3.5), TO THE EXTENT PROVIDED IN SUBSECTION (3.5)(b) OF THIS SECTION,
19 A QUALIFYING DISTRICT MAY EXCEED THE LIMITS SPECIFIED IN SUBSECTION
20 (3)(b) OF THIS SECTION IF THE QUALIFYING DISTRICT, PURSUANT TO AN
21 ELECTION HELD PURSUANT TO THIS SECTION ON OR AFTER THE EFFECTIVE
22 DATE OF THIS SUBSECTION (3.5), OBTAINS VOTER APPROVAL TO INCREASE,
23 BY THE SAME NUMBER OF MILLS, THE QUALIFYING DISTRICT'S TOTAL
24 PROGRAM MILL LEVY AND THE NUMBER OF MILLS THE QUALIFYING
25 DISTRICT LEVIES PURSUANT TO THIS SECTION; EXCEPT THAT, IF INCREASING
26 THE TOTAL PROGRAM MILL LEVY AND THE NUMBER OF MILLS LEVIED
27 PURSUANT TO THIS SECTION BY THE SAME NUMBER WOULD RESULT IN A

1 TOTAL PROGRAM MILL LEVY OF MORE THAN THE LESSER OF THIRTY MILLS
2 OR THE NUMBER OF MILLS REQUIRED TO FULLY FUND THE QUALIFYING
3 DISTRICT'S TOTAL PROGRAM, THE QUALIFYING DISTRICT IS REQUIRED TO
4 OBTAIN VOTER APPROVAL TO LEVY ONLY AS MANY MILLS FOR TOTAL
5 PROGRAM AS WILL INCREASE THE TOTAL PROGRAM MILL LEVY TO THE
6 LESSER OF THIRTY MILLS OR THE NUMBER OF MILLS REQUIRED TO FULLY
7 FUND THE QUALIFYING DISTRICT'S TOTAL PROGRAM.

8 (b) A QUALIFYING DISTRICT THAT MEETS THE REQUIREMENTS
9 SPECIFIED IN SUBSECTION (3.5)(a) OF THIS SECTION MAY RECEIVE TOTAL
10 ADDITIONAL LOCAL PROPERTY TAX REVENUES PURSUANT TO ELECTIONS
11 HELD PURSUANT TO THIS SECTION IN AN AMOUNT NOT TO EXCEED UNDER
12 ANY CIRCUMSTANCES THIRTY PERCENT OF THE QUALIFYING DISTRICT'S
13 TOTAL PROGRAM, AS DETERMINED PURSUANT TO SECTION 22-54-104 (2),
14 OR TWO HUNDRED THOUSAND DOLLARS, WHICHEVER IS GREATER.

15 (c) AS USED IN THIS SUBSECTION (3.5), UNLESS THE CONTEXT
16 OTHERWISE REQUIRES:

17 (I) "NUMBER OF MILLS REQUIRED TO FULLY FUND THE QUALIFYING
18 DISTRICT'S TOTAL PROGRAM" MEANS THE NUMBER OF PROPERTY TAX
19 MILLS DESCRIBED IN SECTION 22-54-106 (2)(b)(II).

20 (II) "QUALIFYING DISTRICT" MEANS A DISTRICT THAT IS
21 AUTHORIZED PURSUANT TO THIS SECTION AND SECTION 22-54-108.7 TO
22 COLLECT ADDITIONAL LOCAL PROPERTY TAX REVENUE IN A TOTAL
23 AMOUNT THAT IS AT LEAST TWENTY PERCENT OF THE DISTRICT'S TOTAL
24 PROGRAM, AS DETERMINED PURSUANT TO SECTION 22-54-104 (2), AND
25 THAT FOR THE PRECEDING PROPERTY TAX YEAR LEVIED AT LEAST THE
26 LESSER OF TWENTY-SEVEN MILLS OR THE NUMBER OF MILLS REQUIRED TO
27 FULLY FUND THE DISTRICT'S TOTAL PROGRAM, AS DETERMINED PURSUANT

1 TO SECTION 22-54-104 (2).

2 (d) REGARDLESS OF THE APPLICABILITY OF SECTION 22-54-104
3 (5)(g), FOR THE PURPOSES OF THIS SUBSECTION (3.5), A QUALIFYING
4 DISTRICT'S TOTAL PROGRAM IS THE AMOUNT CALCULATED PURSUANT TO
5 SECTION 22-54-104 (2).

6 **SECTION 4.** In Colorado Revised Statutes, 22-54-108.7, **add** (3)
7 and (4) as follows:

8 **22-54-108.7. Authorization of additional local revenues for**
9 **cash funding of capital construction, new technology, existing**
10 **technology upgrade, and maintenance needs - definition.** (3) THE
11 TOTAL ADDITIONAL LOCAL PROPERTY TAX REVENUES THAT A DISTRICT
12 MAY RECEIVE PURSUANT TO AN ELECTION HELD PURSUANT TO THIS
13 SECTION, COMBINED WITH THE AMOUNT OF ADDITIONAL LOCAL PROPERTY
14 TAX REVENUE THAT THE DISTRICT RECEIVES PURSUANT TO AN ELECTION
15 HELD PURSUANT TO SECTION 22-54-108, SHALL NOT EXCEED UNDER ANY
16 CIRCUMSTANCES THE LIMITATIONS SPECIFIED IN SECTION 22-54-108 (3)
17 AND (3.5).

18 (4) FOR THE 2019 PROPERTY TAX YEAR AND PROPERTY TAX YEARS
19 THEREAFTER, A DISTRICT THAT SEEKS TO RAISE AND EXPEND LOCAL
20 PROPERTY TAX REVENUES AS PROVIDED IN SUBSECTION (1) OF THIS
21 SECTION MUST, AT THE SAME ELECTION, OBTAIN VOTER APPROVAL TO
22 INCREASE THE DISTRICT'S TOTAL PROGRAM MILL LEVY BY THE SAME
23 NUMBER OF MILLS THAT IT SEEKS TO INCREASE THE MILL LEVY FOR
24 ADDITIONAL LOCAL REVENUES PURSUANT TO THIS SECTION; EXCEPT THAT,
25 IF INCREASING THE TOTAL PROGRAM MILL LEVY AND THE NUMBER OF
26 MILLS LEVIED PURSUANT TO THIS SECTION BY THE SAME NUMBER WOULD
27 RESULT IN A TOTAL PROGRAM MILL LEVY OF MORE THAN THE LESSER OF

1 TWENTY-SEVEN MILLS OR THE NUMBER OF MILLS REQUIRED TO FULLY
2 FUND THE DISTRICT'S TOTAL PROGRAM, THE DISTRICT IS REQUIRED TO
3 OBTAIN VOTER APPROVAL TO LEVY ONLY AS MANY MILLS FOR TOTAL
4 PROGRAM AS WILL INCREASE THE TOTAL PROGRAM MILL LEVY TO THE
5 LESSER OF TWENTY-SEVEN MILLS OR THE NUMBER OF MILLS REQUIRED TO
6 FULLY FUND THE DISTRICT'S TOTAL PROGRAM.

7 **SECTION 5.** In Colorado Revised Statutes, 22-54-106, **amend**
8 (2)(a) introductory portion, (2)(a)(I), (2)(a)(III), and (2)(a)(V); and **add**
9 (2.5) as follows:

10 **22-54-106. Local and state shares of district total program.**

11 (2) (a) Except as provided in ~~paragraph (c) of this subsection (2)~~
12 SUBSECTION (2)(c) OF THIS SECTION, for reorganized districts, for the 2007
13 property tax year and property tax years thereafter, each district shall levy
14 the lesser of:

15 (I) The number of mills levied by the district for the immediately
16 preceding property tax year PLUS, FOR THE 2018 PROPERTY TAX YEAR AND
17 PROPERTY TAX YEARS THEREAFTER, THE NUMBER OF MILLS, IF ANY,
18 AUTHORIZED FOR THE DISTRICT'S TOTAL PROGRAM BY THE ELIGIBLE
19 ELECTORS OF THE DISTRICT IN AN ELECTION HELD DURING THE
20 THEN-CURRENT PROPERTY TAX YEAR, AS PROVIDED IN SUBSECTION (2.5)
21 OF THIS SECTION;

22 (III) (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
23 (2)(a)(III)(B) OF THIS SECTION, for a district that has not obtained voter
24 approval to retain and spend revenues in excess of the property tax
25 revenue limitation imposed on the district by section 20 of article X of the
26 state constitution, the number of mills that may be levied by the district
27 under the property tax revenue limitation imposed on the district by

1 section 20 of article X of the state constitution. In the calculation of local
2 growth for purposes of determining the property tax revenue limitation
3 imposed on a district under this ~~subparagraph (HH)~~ SUBSECTION
4 (2)(a)(III), a district's student enrollment ~~shall be~~ IS the district's funded
5 pupil count.

6 (B) FOR THE 2019 PROPERTY TAX YEAR AND PROPERTY TAX YEARS
7 THEREAFTER, IF A DISTRICT DESCRIBED IN SUBSECTION (2)(a)(III)(A) OF
8 THIS SECTION OBTAINS VOTER APPROVAL TO INCREASE THE TOTAL
9 PROGRAM PROPERTY TAX MILL LEVY AS A RESULT OF OBTAINING VOTER
10 APPROVAL TO INCREASE THE AMOUNT OF ADDITIONAL LOCAL PROPERTY
11 TAX REVENUE AS PROVIDED IN SECTION 22-54-108 (2.5) OR (3.5) OR
12 22-54-108.7 (4), THE DISTRICT SHALL LEVY THE TOTAL OF THE NUMBER OF
13 MILLS DESCRIBED IN SUBSECTION (2)(a)(III)(A) OF THIS SECTION AND THE
14 NUMBER OF TOTAL PROGRAM MILLS APPROVED PURSUANT TO SECTION
15 22-54-108 (2.5) OR (3.5) OR 22-54-108.7 (4). THE AMOUNT OF PROPERTY
16 TAX REVENUE THAT THE DISTRICT IS ENTITLED TO RECEIVE FROM
17 COMBINED TOTAL PROGRAM PROPERTY TAX MILL LEVY, ASSUMING ONE
18 HUNDRED PERCENT COLLECTION, ALONG WITH THE AMOUNT OF SPECIFIC
19 OWNERSHIP TAX REVENUE PAID TO THE DISTRICT IS THE DISTRICT'S SHARE
20 OF ITS TOTAL PROGRAM, REGARDLESS OF WHETHER THE DISTRICT IS
21 SUBSEQUENTLY REQUIRED PURSUANT TO SECTION 20 (7) OF ARTICLE X OF
22 THE STATE CONSTITUTION TO REFUND A PORTION OF THE LOCAL PROPERTY
23 TAX REVENUE COLLECTED.

24 (V) Twenty-seven mills, IF THE DISTRICT IS NOT A QUALIFYING
25 DISTRICT, AS DEFINED IN SECTION 22-54-108 (3.5), OR THIRTY MILLS, IF
26 THE DISTRICT IS A QUALIFYING DISTRICT, AS DEFINED IN SECTION
27 22-54-108 (3.5).

1 (2.5) (a) FOR THE 2018 PROPERTY TAX YEAR AND PROPERTY TAX
2 YEARS THEREAFTER, A DISTRICT THAT SEEKS TO INCREASE THE AMOUNT
3 OF LOCAL PROPERTY TAX REVENUE FOR THE DISTRICT SHARE OF TOTAL
4 PROGRAM, SUBJECT TO THE LIMITATION SPECIFIED IN SUBSECTION (2.5)(b)
5 OF THIS SECTION, MAY SUBMIT THE QUESTION OF WHETHER THE DISTRICT
6 SHOULD BE AUTHORIZED TO RAISE AND EXPEND INCREASED LOCAL
7 PROPERTY TAX REVENUE FOR TOTAL PROGRAM. THE QUESTION
8 AUTHORIZED BY THIS SUBSECTION (2.5)(a) MUST BE SUBMITTED AT AN
9 ELECTION HELD IN ACCORDANCE WITH SECTION 20 OF ARTICLE X OF THE
10 STATE CONSTITUTION AND TITLE 1.

11 (b) THE TOTAL NUMBER OF PROPERTY TAX MILLS THAT A DISTRICT
12 MAY LEVY FOR TOTAL PROGRAM SHALL NOT, UNDER ANY CIRCUMSTANCES,
13 EXCEED THE LESSER OF:

14 (I) THE NUMBER OF MILLS DESCRIBED IN SUBSECTION (2)(a)(II) OF
15 THIS SECTION; OR

16 (II) (A) TWENTY-SEVEN MILLS FOR A DISTRICT THAT IS NOT A
17 QUALIFYING DISTRICT AS DEFINED IN SECTION 22-54-108 (3.5); OR

18 (B) THIRTY MILLS FOR A DISTRICT THAT IS A QUALIFYING DISTRICT
19 AS DEFINED IN SECTION 22-54-108 (3.5).

20 (c) THE QUESTION DESCRIBED IN SUBSECTION (2.5)(a) OF THIS
21 SECTION MAY BE COMBINED WITH A QUESTION CONCERNING AN INCREASE
22 IN ADDITIONAL LOCAL REVENUES TO COMPLY WITH THE REQUIREMENTS
23 SPECIFIED IN SECTION 22-54-108 (2.5) OR (3.5) OR 22-54-108.7 (4).

24 **SECTION 6. Safety clause.** The general assembly hereby finds,
25 determines, and declares that this act is necessary for the immediate
26 preservation of the public peace, health, and safety.

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
4.23.18

DRAFT

LLS NO. 18-1263.01 Esther van Mourik x4215

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Committee Of Reference Involvement In Budget"

A BILL FOR AN ACT

101 **CONCERNING COMMITTEE OF REFERENCE INVOLVEMENT IN THE JOINT**
102 **BUDGET COMMITTEE'S PREPARATION OF THE ANNUAL GENERAL**
103 **APPROPRIATION ACT.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill requires a department to include in the SMART act hearing with its assigned joint committee of reference information presented or to be presented to the joint budget committee (JBC) during the hearings the JBC holds to review the department's budget.

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

The bill requires the chair of each committee of reference to assign one committee member to serve as a liaison to the JBC. The liaison is encouraged to attend the specific hearings the JBC holds to review the budget requests of the department that is assigned to the liaison's committee of reference. The liaison is required to communicate any concerns, comments, or other input from the committee of reference to the JBC related to the preparation of the annual general appropriation act.

No later than January 15 every year, each committee of reference is required to report in writing to the JBC certain departmental budgeting information.

In making the appropriation recommendations in the annual general appropriations act, the bill requires the JBC to consider discussions held between the joint committees of reference and the JBC.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 2-7-203, **amend** (1),
3 (2)(a)(III), and (3)(b); and **add** (3)(d) and (3.5) as follows:

4 **2-7-203. Departmental presentations to legislative committees**
5 **of reference - departmental regulatory agendas.** (1) The speaker of
6 the house of representatives and the president of the senate shall assign
7 each department to a house and senate committee of reference for their
8 respective houses. In making the assignments, the speaker and the
9 president shall ensure that the primary functions and responsibilities of
10 the department are within the subject matter jurisdiction of the
11 committees of reference to which it is assigned. THE HOUSE AND SENATE
12 COMMITTEES OF REFERENCE ARE LISTED IN RULE 25 OF THE JOINT RULES
13 OF THE SENATE AND THE HOUSE OF REPRESENTATIVES.

14 (2)(a) Each joint committee of reference shall conduct at least one
15 but not more than three hearings during the interim between legislative
16 sessions between November 1 and the commencement of the following
17 regular legislative session, during which hearings the joint committee
18 shall hear a presentation from each department that is assigned to such

1 committee pursuant to subsection (1) of this section regarding:

2 (III) The department's budget request and associated legislative
3 agenda for the upcoming regular legislative session, INCLUDING
4 INFORMATION PRESENTED OR TO BE PRESENTED TO THE JOINT BUDGET
5 COMMITTEE DURING THE HEARINGS THE JOINT BUDGET COMMITTEE HOLDS
6 TO REVIEW THE EXECUTIVE BUDGET AND THE BUDGET REQUESTS OF EACH
7 DEPARTMENT AS SET FORTH IN SECTION 2-3-203.

8 (3) (b) The chair of the joint budget committee shall assign one
9 member of the joint budget committee to serve as a liaison for each
10 department. ~~The joint budget committee liaison shall inform the joint
11 committee of reference regarding the department's performance
12 management system and performance plan.~~

13 (d) THE CHAIR OF EACH COMMITTEE OF REFERENCE LISTED IN RULE
14 25 OF THE JOINT RULES OF THE SENATE AND HOUSE OF REPRESENTATIVES
15 SHALL ASSIGN ONE COMMITTEE MEMBER TO SERVE AS A LIAISON TO THE
16 JOINT BUDGET COMMITTEE. THE LIAISON IS ENCOURAGED TO ATTEND THE
17 SPECIFIC HEARINGS THE JOINT BUDGET COMMITTEE HOLDS, AS SET FORTH
18 IN SECTION 2-3-203, TO REVIEW THE BUDGET REQUESTS OF THE
19 DEPARTMENT THAT IS ASSIGNED TO THE LIAISON'S COMMITTEE OF
20 REFERENCE. THE LIAISON SHALL COMMUNICATE ANY CONCERNS,
21 COMMENTS, OR OTHER INPUT FROM THE COMMITTEE OF REFERENCE TO THE
22 JOINT BUDGET COMMITTEE RELATED TO THE PREPARATION OF THE ANNUAL
23 GENERAL APPROPRIATION ACT. <{Two members? One from each major
24 political party?}>
25 <{By when must the committee of reference chair make their liaison
26 appointments and how long are the liaisons' terms?}>
27 <{The SMART Act membership of committees is problematic,

1 especially in election years - there's always a question about who is on
2 what committees at what time. Under current law, leadership has to
3 make their committee assignments following an election by December
4 1st. Then we invite all of the "old members" of the committee and the
5 "new members" of the committee to attend the SMART Act hearings.
6 So, for instance, for the SMART Act hearings held in November
7 2018/January 2019, we'll invite the entire membership of the 2018
8 committee (including lame duck committee members and chairs) and
9 any new members appointed by December 1, including members just
10 elected to the legislature in November 2018. The bill requires the liaison
11 appointments be made so that the members can attend the budget
12 hearings in November and December. What if the liaison appointed by
13 the committee chair is a lame duck member? Can a newly elected, but
14 not yet sworn in, member be the liaison? What if the chair is a lame
15 duck chair - should his or her liaison appointments be valid in the
16 following session? This could be especially problematic if power
17 switches in the chamber. Can the new chair appoint a new liaison after
18 the start of the session? What if that liaison's priorities that they want
19 to report to the JBC are different than that of the liaison who attended
20 all of the hearings?}>

21 (3.5) NO LATER THAN JANUARY 15, 2019, AND EACH JANUARY 15
22 THEREAFTER, EACH COMMITTEE OF REFERENCE LISTED IN RULE 25 OF THE
23 JOINT RULES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES SHALL
24 COMMUNICATE IN WRITING TO THE JOINT BUDGET COMMITTEE THE
25 FOLLOWING INFORMATION:

26 (a) THE COMMITTEE OF REFERENCE'S GOALS FOR AND DIRECTIONS
27 TO EACH DEPARTMENT IT OVERSEES;

1 (b) THE COMMITTEE OF REFERENCE'S RECOMMENDATIONS
2 CONCERNING THE DISPOSITION OF EACH DEPARTMENTAL BUDGET DECISION
3 ITEM FOR EACH DEPARTMENT IT OVERSEES;

4 (c) THE COMMITTEE OF REFERENCE'S RECOMMENDED
5 APPROPRIATIONS OR CHANGES FOR EACH DEPARTMENTAL BUDGET ITEM
6 FOR EACH DEPARTMENT IT OVERSEES;

7 (d) THE COMMITTEE OF REFERENCE'S RECOMMENDATIONS
8 REGARDING APPROPRIATIONS FOR PROGRAMS FUNDED THROUGH LINE
9 ITEMS IN THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH
10 DEPARTMENT IT OVERSEES; AND

11 (e) THE COMMITTEES OF REFERENCE'S CONCERNS AND DIRECTIONS
12 REGARDING FUTURE-YEAR FUNDING FOR EACH DEPARTMENT IT OVERSEES.

13 <{Particularly when the GA has split houses, requiring this written
14 report to be made by the joint committee of reference is too unwieldy
15 and poses political problems. I have changed this to say each committee
16 of reference, not each joint committee of reference.}>

17 <{In order to decide on these recommendations, the committee of
18 reference will need to meet. Is it expected that this additional work be
19 done under the meeting limit (no more than three joint meetings) set
20 forth in section 2-7-203 (2)(a)?}>

21 <{This deadline is undoubtedly necessary for the joint budget
22 committee, but is it feasible for the committee of reference, particularly
23 in an election year, when election outcomes might change majorities
24 and when staff of the general assembly is also trying to train incoming
25 new members?}>

26 <{The requirement for committees to make recommendations is
27 problematic, as we discussed last week, and the scope of issues that the

1 committee has to consider, as a group, is very large. The timing will be
2 nearly impossible in sessions after an election. Since the committee will
3 not be constituted until the first day of session and the new members
4 are sworn in, the committees won't be able to meet to form their
5 recommendations until the first day of session. Requiring that the
6 committee submit recommendations on all of the issues that they have
7 to consider within the first few days of session is probably impossible.
8 In non-election years, if the committees hold meetings outside if the
9 legislation session for the purpose of making recommendations, it will
10 drive a fiscal note.}>

11 SECTION 2. In Colorado Revised Statutes, 2-3-203, amend
12 (1)(b.1)(I)(A) as follows:

13 **2-3-203. Powers and duties of the joint budget committee -**
14 **repeal.** (1) The committee has the following power and duties:

15 (b.1) (I) (A) Effective July 1, 2004, to hold hearings as required
16 and to review the executive budget and the budget requests of each state
17 agency and institution, including capital construction, capital renewal, or
18 controlled maintenance budget requests as prioritized, pursuant to rule 45
19 of the joint rules of the senate and house of representatives, by the capital
20 development committee, and information technology budget requests as
21 prioritized, pursuant to rule 45 of the joint rules of the senate and the
22 house of representatives, by the joint technology committee, and to make
23 appropriation recommendations to the appropriations committees, or any
24 successor committees, of each house. IN MAKING THE APPROPRIATION
25 RECOMMENDATIONS TO THE APPROPRIATIONS COMMITTEES, THE JOINT
26 BUDGET COMMITTEE SHALL CONSIDER THE DISCUSSION HELD BETWEEN
27 THE JOINT COMMITTEES OF REFERENCE AND THE JOINT BUDGET

1 COMMITTEE AS REQUIRED IN RULE 25 OF THE JOINT RULES OF THE SENATE
2 AND THE HOUSE OF REPRESENTATIVES.

3 <{The recommended changes to Joint Rule 25 did not require the
4 meeting to be held, so I have made that change in the accompanying
5 joint resolution. I have also specified in that rule the requirement that
6 the meetings be chaired by the JBC and the Joint Committees of
7 Reference.}>

8 **SECTION 3. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly (August
11 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
12 referendum petition is filed pursuant to section 1 (3) of article V of the
13 state constitution against this act or an item, section, or part of this act
14 within such period, then the act, item, section, or part will not take effect
15 unless approved by the people at the general election to be held in
16 November 2018 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
4.23.18

DRAFT

LLS NO. R18-1264.01 Esther van Mourik x4215

Joint Resolution

SPONSORSHIP

(None),

SPONSORSHIP

(None),

BILL TOPIC: "Committees Of Reference Involvement In Budget"

JOINT RESOLUTION

101 CONCERNING A CHANGE TO RULE 25 OF THE JOINT RULES OF THE
102 SENATE AND HOUSE OF REPRESENTATIVES TO CLARIFY THE
103 RESPONSIBILITIES OF THE COMMITTEES OF REFERENCE AND THE
104 JOINT BUDGET COMMITTEE WITH RESPECT TO THE BUDGETING
105 PROCESS.

1 *Be It Resolved by the* of the *Seventy-first General*
2 *Assembly of the State of Colorado, the* *concurring herein:*

3
4 That in the Joint Rules of the Senate and the House of
5 Representatives, Rule 25, **amend** (d) as follows:

6 **25. Oversight Responsibilities of Committees of Reference and**
7 **Statutory Committees**

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

1 (d) Prior to the thirtieth legislative day, the Joint Budget
2 Committee members shall ~~be available to provide~~ DISCUSS, IN A JOINT
3 MEETING WITH the respective JOINT committees ~~with assistance and to~~
4 ~~explain any Joint Budget Committee responses or recommendations~~
5 ~~regarding hearings before the Joint Budget Committee~~ OF REFERENCE,
6 ANY RELEVANT INFORMATION AND ANALYSES CONCERNING THE
7 GOVERNOR'S ANNUAL BUDGET REQUEST, INCLUDING INFORMATION
8 OBTAINED THROUGH THE JOINT BUDGET COMMITTEE BRIEFING AND
9 DEPARTMENT HEARING PROCESSES FOR all departments of state
10 government that are within the subject-matter jurisdiction of each JOINT
11 committee ~~After receiving any assistance and explanation from the Joint~~
12 ~~Budget Committee members, the chairmen of the committees shall~~
13 ~~communicate any concerns or comments regarding preparation of the~~
14 ~~long appropriation bill to the Joint Budget Committee members of that~~
15 ~~house~~ OF REFERENCE. EACH MEETING SHALL BE CHAIRED BY THE JOINT
16 BUDGET COMMITTEE AND COMMITTEE OF REFERENCE LIAISONS. THE
17 RESPECTIVE COMMITTEES SHALL INFORM THE BUDGET PROCESS BY
18 PROVIDING THE JOINT BUDGET COMMITTEE WITH ANY RELEVANT
19 INFORMATION AND ANALYSES OBTAINED DURING PRESENTATIONS MADE
20 TO THE RESPECTIVE COMMITTEES AS REQUIRED IN THE "STATE
21 MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT
22 (SMART) GOVERNMENT ACT", PART 2 OF ARTICLE 7 OF TITLE 2,
23 COLORADO REVISED STATUTES.

24 <{*The chairing of these joint meetings is not clear. The liaisons, and*
25 *not the committee chair, co-chair the meetings with the JBC? And*
26 *you'll have three people actually chairing the meeting?*> <{*How will*
27 *the liaisons co-chair a meeting? Have we had co-chairs of meetings like*
28 *this before?*>

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
4.20.18

DRAFT

LLS NO. 18-1265.01 Ed DeCecco x4216

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Workers' Comp Cash Fund Maximum Reserve Exemption"

A BILL FOR AN ACT

101 **CONCERNING THE EXEMPTION OF THE WORKERS' COMPENSATION**
102 **CASH FUND FROM THE MAXIMUM RESERVE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. Prior to July 1, 2017, the workers' compensation cash fund was exempt from the maximum reserve for a cash fund, which limits the year-end uncommitted reserves in a cash fund to 16.5% of the amount expended from the cash fund during the fiscal year. The bill once again exempts the workers' compensation cash fund from the maximum reserve.

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 8-44-112, **add** (7)(d)
3 as follows:

4 **8-44-112. Surcharge on workers' compensation insurance**
5 **premiums - workers' compensation cash fund.** (7) (d) THE WORKERS'
6 COMPENSATION CASH FUND IS EXEMPT FROM THE LIMITATIONS SET FORTH
7 IN SECTION 24-75-402.

8 **SECTION 2.** In Colorado Revised Statutes, 24-75-402, **recreate**
9 **and reenact, with amendments,** (5)(p) as follows:

10 **24-75-402. Cash funds - limit on uncommitted reserves -**
11 **reduction in amount of fees - exclusions - repeal.** (5) Notwithstanding
12 any provision of this section to the contrary, the following cash funds are
13 excluded from the limitations specified in this section:

14 (p) THE WORKERS' COMPENSATION CASH FUND CREATED IN
15 SECTION 8-44-112 (7).

16 **SECTION 3. Safety clause.** The general assembly hereby finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, and safety.

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
4.11.18

DRAFT

LLS NO. 18-0987.02 Ed DeCecco x4216

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Increase General Fund Reserve"

A BILL FOR AN ACT

101 **CONCERNING AN INCREASE IN THE GENERAL FUND RESERVE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. For the fiscal year 2018-19, and each fiscal year thereafter, the bill increases the statutorily required general fund reserve from 6.5% to **7**% of the amount appropriated for expenditure from the general fund.

The bill also repeals the following exceptions from the definition of expenditure that is used to calculate the general fund reserve:

- Rental and other payments under a lease-purchase agreement for real property included in a separate,

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

- operating line item; and
- Money that the state controller credits from the general fund to the capital construction fund or to the principal of the controlled maintenance trust fund.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-75-201.1, **amend**
3 (1)(d)(XIV) and (1)(d)(XVIII); **repeal** (2)(b) and (2)(c); and **add**
4 (1)(d)(XIX) as follows:

5 **24-75-201.1. Restriction on state appropriations - legislative**
6 **declaration - definitions.** (1) (d) For each fiscal year, unrestricted
7 general fund year-end balances must be retained as a reserve in the
8 following amounts:

9 (XIV) For the ~~fiscal year 2014-15 and each fiscal year thereafter,~~
10 ~~excluding the fiscal years 2015-16 and 2016-17~~ FISCAL YEARS 2014-15
11 AND 2017-18, six and one-half percent of the amount appropriated for
12 expenditure from the general fund for that fiscal year;

13 (XVIII) For the fiscal year 2016-17, six percent of the amount
14 appropriated for expenditure from the general fund for that fiscal year;
15 AND

16 (XIX) FOR THE FISCAL YEAR 2018-19 AND EACH FISCAL YEAR
17 THEREAFTER, PERCENT OF THE AMOUNT APPROPRIATED FOR
18 EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR.

19 (2) The basis for the calculation of the reserve as specified in this
20 section includes all appropriations for expenditure from the general fund
21 for such fiscal year, except for any appropriations for:

22 (b) ~~Rental and other payments under a lease-purchase agreement~~
23 ~~for real property authorized by the general assembly pursuant to section~~

1 ~~24-82-801 (1)(a) included in a separate line item in the operating section~~
2 ~~of an annual general appropriation act or a supplemental appropriation~~
3 ~~act; and~~

4 (c) ~~Moneys that are credited by the state controller from the~~
5 ~~general fund to the capital construction fund or to the principal of the~~
6 ~~controlled maintenance trust fund as set forth in section 24-30-1310.~~

7 **SECTION 2. Act subject to petition - effective date.** This act
8 takes effect at 12:01 a.m. on the day following the expiration of the
9 ninety-day period after final adjournment of the general assembly (August
10 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
11 referendum petition is filed pursuant to section 1 (3) of article V of the
12 state constitution against this act or an item, section, or part of this act
13 within such period, then the act, item, section, or part will not take effect
14 unless approved by the people at the general election to be held in
15 November 2018 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor.

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REDRAFT

4.19.18

Double underlining
denotes changes from
prior draft

DRAFT

LLS NO. 18-0988.01 Nicole Myers x4326

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Biweekly Salary Payment For State Employees"

A BILL FOR AN ACT

101 CONCERNING CHANGING THE PAYROLL PERIODS FOR SALARIES PAID
102 THROUGH THE STATE'S PAYROLL SYSTEM FROM MONTHLY TO
103 BIWEEKLY RATHER THAN TWICE MONTHLY.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. Currently, the majority of state employees who are paid through the state's payroll system are paid on a monthly basis and some state employees are paid on a biweekly basis. For employees who are paid monthly, salaries are paid as of the last working day of the month; except that salaries for June are paid on the first

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

working day of July. For employees who are paid biweekly, salaries are paid 14 days after the last day of the pay period.

In 2015, the general assembly passed legislation that required all state employees paid through the state's payroll system to be paid twice a month beginning July 1, 2017. It also required salaries to be paid 14 days after the last day of the pay period. In 2016, the general assembly passed legislation that allowed the state personnel director to delay the implementation date of the twice-monthly payroll system, and the implementation of such system has not yet occurred.

The bill repeals the requirement to implement a twice-monthly payroll system and instead requires all state employees that are paid through the state's payroll system to be paid biweekly beginning July 1, 2018. Salaries will be paid 14 days after the last day of the pay period; except that salaries for the 14-day pay period immediately prior to the last 14-day pay period that falls entirely in June 2019, shall be paid on July 1, 2019, and salaries for the 14-day pay period immediately prior to the last 14-day pay period that falls entirely in June each year thereafter, shall be paid on July 1 of the applicable year. In addition, beginning in June 2019, and in each June thereafter, the state controller may make an advance out of money in the state treasury to each state employee paid through the state's payroll system whose payment of salary was shifted to July. The advance shall be in an amount equal to the employee's net pay for the 14-day pay period immediately prior to the last 14-day pay period that falls entirely in June. The advance for each employee shall be repaid on July 1 of the applicable year.

In 2015, the general assembly also enacted a one-time loan program to assist state employees in covering expenses in the first month that there is a 14-day period between the end of the pay period and the payment of salary. The bill modifies the loan program to specify the calculation of the loan and to allow employees to apply to the department of personnel for the loan in July 2018.

In addition, the bill makes necessary conforming amendments to allow the state's payroll system to pay all employees on a biweekly basis

=====

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-50-104, **amend**
3 (8)(a) and (8)(c); **repeal** (8)(a.5), (8)(a.6), (8)(b), (8)(d), and (8)(g); and
4 **add** (8)(a.3) as follows:

5 **24-50-104. Job evaluation and compensation - state employee**

1 **reserve fund - created - definitions - repeal. (8) Payroll. (a) For pay**
2 **periods beginning before July 1, 2017, salaries for positions in the state**
3 **personnel system paid on a monthly basis shall be paid as of the last**
4 **working day of the month; except that: SALARIES FOR EMPLOYEES <{Do**
5 **you want to change "employees" to "any person" to cover elected**
6 **officials?}> PAID THROUGH THE STATE'S PAYROLL SYSTEM SHALL BE PAID**
7 **ON A BIWEEKLY BASIS AND SHALL BE PAID FOURTEEN DAYS AFTER THE**
8 **LAST DAY OF THE FOURTEEN-DAY PAY PERIOD; EXCEPT THAT SALARIES**
9 **FOR THE FOURTEEN-DAY PAY PERIOD IMMEDIATELY PRIOR TO THE LAST**
10 **FOURTEEN-DAY PAY PERIOD THAT FALLS ENTIRELY IN JUNE 2019, SHALL**
11 **BE PAID ON JULY 1, 2019, AND SALARIES FOR THE FOURTEEN-DAY PAY**
12 **PERIOD IMMEDIATELY PRIOR TO THE LAST FOURTEEN-DAY PAY PERIOD**
13 **THAT FALLS ENTIRELY IN JUNE EACH YEAR THEREAFTER, SHALL BE PAID**
14 **ON JULY 1 OF THE APPLICABLE YEAR.**

15 (I) ~~Salaries for the month of June shall be paid on the first~~
16 ~~working day of July; and~~

17 (H) ~~For state personnel employees in the department of~~
18 ~~transportation hired before August 5, 1998, as amended, salaries for the~~
19 ~~month of December shall be paid on the first working day in January;~~
20 ~~unless any such employee informs the controller of the department of~~
21 ~~transportation of the employee's desire to be paid in the same manner as~~
22 ~~other employees in the state personnel system as provided in this~~
23 ~~subsection (8), in which case, the employee shall be paid in such manner.~~

24 **(a.3) BEGINNING IN JUNE 2019, AND IN EACH JUNE THEREAFTER,**
25 **OUT OF ANY MONEY IN THE STATE TREASURY NOT IMMEDIATELY REQUIRED**
26 **TO BE DISBURSED, THE STATE CONTROLLER MAY MAKE AN ADVANCE TO**
27 **EACH STATE EMPLOYEE PAID THROUGH THE STATE'S PAYROLL SYSTEM**

1 WHOSE PAYMENT OF SALARY WAS SHIFTED TO JULY PURSUANT TO
2 SUBSECTION (8)(a) OF THIS SECTION, IN AN AMOUNT EQUAL TO THE
3 EMPLOYEE'S NET PAY FOR THE FOURTEEN-DAY PAY PERIOD IMMEDIATELY
4 PRIOR TO THE LAST FOURTEEN-DAY PAY PERIOD THAT FALLS ENTIRELY IN
5 JUNE. THE ADVANCE FOR EACH EMPLOYEE SHALL BE REPAID ON JULY 1 OF
6 THE APPLICABLE YEAR.

7 (a.5) For pay periods beginning before July 1, 2017, for state
8 employment positions that are not in the state personnel system and that
9 are not otherwise covered by paragraph (a) of this subsection (8), salaries
10 paid on a monthly basis for the month of June shall be paid on the first
11 working day of July.

12 (a.6) For pay periods beginning before July 1, 2017, for state
13 employment positions that are not otherwise covered by paragraph (a) or
14 (a.5) of this subsection (8), whether or not the positions are in the state
15 personnel system:

16 (I) and (II) (Deleted by amendment, L. 2015.)
17 (III) Effective July 1, 2012, and for pay periods beginning before
18 July 1, 2017, salaries paid on a biweekly basis shall be paid fourteen days
19 after the last day of the fourteen-day pay period.

20 (b) For pay periods beginning on or after July 1, 2017, salaries for
21 employees paid through the state's payroll system shall be paid twice a
22 month as follows:

23 (I) For work performed from July 1, 2017, to July 15, 2017,
24 employees shall be paid on July 31, 2017. For work performed from July
25 16, 2017, to July 31, 2017, employees shall be paid on August 15, 2017.

26 (II) Except as otherwise specified in subparagraph (III) of this
27 paragraph (b), for all pay periods after the pay periods specified in

1 ~~subparagraph (I) of this paragraph (b), for work performed from the first~~
2 ~~day of the month to the fifteenth day of the same month, employees shall~~
3 ~~be paid on the last day of that month. For work performed from the~~
4 ~~sixteenth day of the month to the end of the same month, employees shall~~
5 ~~be paid on the fifteenth day of the following month.~~

6 ~~(HH) For work performed from June 1, 2018, to June 15, 2018,~~
7 ~~employees shall be paid on July 1, 2018, and for work performed from~~
8 ~~June 1 to June 15 each year thereafter, employees shall be paid on July 1~~
9 ~~of the applicable year.~~

10 (c) (I) Any state employee may apply to the department of
11 personnel for a one-time loan to assist the employee in covering expenses
12 in July 2017. ~~The amount of the loan shall not be more than an amount~~
13 ~~equal to the employee's net pay for a one-half month pay period. 2018.~~
14 THE STATE CONTROLLER MAY MAKE SUCH LOANS PURSUANT TO SECTION
15 24-75-203 (5) AND SHALL WORK WITH EACH DEPARTMENT TO DETERMINE
16 THE AMOUNT OF THE LOAN FOR EACH EMPLOYEE.

17 (II) An employee who receives a loan from the state pursuant to
18 this ~~paragraph (c)~~ SUBSECTION (8)(c) shall repay the loan as specified in
19 this ~~subparagraph (H)~~ SUBSECTION (8)(c)(II). An employee may repay the
20 loan early with no prepayment penalty. If an employee separates from
21 state employment prior to the full loan repayment, the balance of the loan
22 shall be deducted from the employee's last paycheck. An employee shall
23 repay the loan over a three-year period with an after-tax deduction in each
24 paycheck equal to one ~~seventy-second~~ SEVENTY-EIGHTH of the loan
25 amount ~~plus simple interest at the state treasury's incremental borrowing~~
26 ~~rate~~ AT ZERO PERCENT INTEREST.

27 (d) ~~Monthly salaries shall be converted to annual salary as the~~

1 ~~basis for calculating amounts due for periods other than monthly.~~

2 (g) ~~Notwithstanding the provisions of this subsection (8), if the~~
3 ~~state personnel director determines that, due to circumstances in~~
4 ~~connection with the implementation of the human resources information~~
5 ~~system, it will not be possible on July 1, 2017, to begin paying salaries~~
6 ~~twice monthly for employees paid through the state's payroll system as~~
7 ~~otherwise required in this subsection (8), the director shall, on or before~~
8 ~~June 1, 2017, notify employers that pay employees through the state's~~
9 ~~payroll system, employees who are paid through the state's payroll~~
10 ~~system, and the general assembly that the department will not meet the~~
11 ~~July 1, 2017, deadline and include in the notice the new date on which the~~
12 ~~implementation of the twice monthly payroll system will begin. In~~
13 ~~addition, if the implementation of the twice monthly payroll system is~~
14 ~~delayed, the director shall allow any state employee to apply to the~~
15 ~~department of personnel for a one-time loan to assist the employee in~~
16 ~~covering expenses in the first month in which employees will be paid~~
17 ~~twice monthly, rather than for the month of July 2017, as provided in~~
18 ~~paragraph (c) of this subsection (8).~~

19 **SECTION 2.** In Colorado Revised Statutes, 24-75-201, **amend**
20 **(2)(a)(III)(A); and repeal (2)(a)(III)(B)** as follows:

21 **24-75-201. General fund - general fund surplus - custodial**
22 **money.** (2) (a) The general fund surplus shall be determined based upon
23 the accrual system of accounting, as enunciated by the governmental
24 accounting standards board; except that:

25 (III) (A) General fund revenues shall be restricted only upon
26 actual payment on the first and fifteenth working day of IN July of salaries
27 of state employees for the month of June FOR THE FOURTEEN-DAY PAY

1 PERIOD IMMEDIATELY PRIOR TO THE LAST FOURTEEN-DAY PAY PERIOD
2 THAT FALLS ENTIRELY IN JUNE from general fund revenues. <{DPA's
3 language: General fund revenues shall be restricted in the amount of
4 the last biweekly payroll paid in June from general fund revenues. Not
5 sure if my language is correct.}>

6 (B) ~~General fund revenues shall be restricted only upon actual~~
7 ~~payment in July of any bimonthly salaries of state employees for which~~
8 ~~all or a portion thereof is for work performed during the month of June~~
9 ~~from general fund revenues.~~

10 **SECTION 3.** In Colorado Revised Statutes, 24-75-203, **add** (5)
11 as follows:

12 **24-75-203. Loans and advances.** (5) OUT OF ANY MONEY IN THE
13 STATE TREASURY NOT IMMEDIATELY REQUIRED TO BE DISBURSED, THE
14 CONTROLLER MAY MAKE A ONE-TIME LOAN TO ANY STATE EMPLOYEE PAID
15 THROUGH THE STATE'S PAYROLL SYSTEM TO ASSIST THE EMPLOYEE IN
16 MAKING THE TRANSITION TO BIWEEKLY PAY PURSUANT TO SECTION
17 24-50-104 (8) IN JULY 2018. EACH LOAN SHALL BE REPAID TO THE STATE
18 TREASURY BY THE STATE EMPLOYEE AS SPECIFIED IN SECTION 24-50-104
19 (8)(c)(II).

20 **SECTION 4. Effective date.** This act takes effect July 1, 2018.

21 **SECTION 5. Safety clause.** The general assembly hereby finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, and safety.